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## GENERAL

1. Possible improvement in Greek-Yugoslav relations—US Ambassador Grady in Athens has been advised by Greek Premier Plastiras that the Yugoslav Charge has officially notified Plastiras that the Yugoslav Government is prepared to exchange Ambassadors with Greece at once. Plastiras has not yet replied to the Yugoslav offer.

(CIA Comment: CIA believes that both Yugoslavia and Greece will take steps toward improving their relations in order to strengthen their capabilities to resist Cominform pressures, but that development of cordial relations will be handicapped by such issues as: (a) the Greek children kidnapped during the Greek civil war and still detained in Yugoslavia; (b) Yugoslav territorial claims on Greek Macedonia; and (c) Greek distrust of Yugoslav Communism.)

## NEAR EAST-AFRICA

2. IRAN: Views on US aid--According to US Embassy Tehran, Iranian Chief of Staff Razmara is convinced that government disorganization and corruption are the main factors delaying emergency measures to check the unemployment crisis and the government is unaware of the urgency of the present situation. Razmara also expressed the belief that any US economic aid to Iran should be accompanied by the "tightest" controls. The Embassy points out that Razmara's recommendation coincides with the Embassy's belief that the most important results obtainable from US aid would be the opportunity afforded the US to exert influence toward achieving internal reforms.

DIA and DOS review(s) completed.

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NO CHANGE in Class. 
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## FAR EAST

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3. CHINA: Projected Nationalist air attack—US Air Attache Taipei reports that the Nationalist Air Force has concentrated more than 100 fighters, fighter-bombers, and bombers on two airfields in the Choushan Islands for a projected raid on the Shanghai and Nanking airfields. The attack would be the heaviest undertaken by the Nationalists to date and the Attache comments that: (a) the Communists are probably aware of the details of the forthcoming raid; and (b) the Nationalist concentrations offer the Communists an ideal chance to destroy a great portion of the Nationalist air combat potential.

(CIA Comment: CIA believes that the Nationalists run a grave risk of heavy losses from: (a) a surprise Communist raid on the planes concentrated in the Choushan Islands; or (b) the probability that the Communists will put their air force in operation for the first time in order to counter the projected Nationalist raid on Shanghai and Nanking. In either event, Nationalist capabilities for defending the Choushans and Taiwan would be seriously weakened.)